

COMPENSATION POLICY 2025-26

Introduction:-

The Bank's endeavor always has been to provide immaculate and efficient services to its customers by making best possible usage of its technology infrastructure. Offering the CBS (core banking solutions) platform was one such step in this direction.

In order to increase the efficiency of the Bank's operations and improve the level of customer service, a policy has been framed to compensate adequately any customer who may face deficiency in availing the Banking Services.

The primary objective of this policy is to establish a system whereby the Bank compensates the customer for any financial loss customer might incur on account of any deficiency in services on the part of the Bank, or any act of omission or commission directly attributable to the Bank.

This policy will be applicable to all banking customers of the Bank. It shall always be based on the principles of transparency and fairness in the treatment of customers and their genuine grievances. It is therefore imperative for all branches/regional offices/corporate office to ensure that prompt and efficient service is rendered to all its customers at all times.

It must however, be understood and is reiterated that this policy covers only the aspect of compensation on account of financial losses, which customers might incur due to deficiency in services offered by the Bank which can be measured directly and as such the commitments under this policy are without prejudice to any right the Bank shall have in defending its position before any forum duly constituted to adjudicate banker-customer disputes and does not constitute admission of liability or any other issue of any nature whatsoever for the purposes of Adjudicatory proceedings.

Scope:-

This policy document is designed to cover areas relating to unauthorized /erroneous debiting of accounts, payment of cheques after acknowledgement of stop payment of instructions, compensation for settlement of disputed ATM transactions, delay in ACH direct debits/other debits to accounts, IMPS, RTGS, NEFT, UPI transactions, lending, etc. and is applicable to all customers of the Bank. The detailed policy will be made available on the website of the Bank.

AREAS COVERED UNDER THE POLICY:

1. Unauthorized / Erroneous debits:

- 1.1 If the Bank has effected/ initiated an unauthorized/ erroneous debit to an account, the entry shall be reversed immediately on being detected/informed, after due verification. If such a debit has resulted in a financial loss to the customer by way of reduction in the balance applicable for payment of interest on savings bank deposit or payment of additional interest to the Bank in a loan account or levying of penalty for not maintaining the stipulated minimum balance in the account, Bank shall compensate the customer to that extent.
- 1.2 Further, if the customer has suffered any loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorized / erroneous debit, Bank will compensate the customer to the extent of such financial loss, besides refunding/reversing the cheque return charges. However customer will not be entitled to claim any compensation for loss of reputation or loss of profit.
- 1.3 In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank will endeavor to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centers, the Bank shall complete the verification process within a maximum period of one month from the date of reporting of any such erroneous transaction by the customer.

2. ACH direct debits/other debits to accounts

- 2.1 The Bank will carry out direct debit/ ACH debit instructions of customers in time. If the Bank fails to meet such commitments, customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions. Such compensation may be equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Savings Bank rate, with minimum of Rs. 100/-, subject to a maximum of Rs.1,000/-.
- 2.2 The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the Bank levies any charge in violation of the arrangement or inadvertently, Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer by a sum equal to the charges reversed.

3. Unauthorised Electronic Transactions reported by Customers

As per the circular no. DCBR.BPD.(PCB/RCB).Cir.No.06/12.05.001/2017-18 dated December 14, 2017 issued by the Reserve Bank of India, all Banks are required to formulate a Board Approved Customer Protection Policy for unauthorised electronic Banking transactions reported by customers.

The policy covers the liability of customers in different scenarios depending on whether compromise was at the Bank's end, or at customer's end or elsewhere in the system.

4. Payment of Cheques after Stop Payment Instructions:

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction within 2 working days of the customer intimating the Bank, and give value-dated credit to protect the interest of the customer. Such debits will be reversed within 2 working days from the customer intimating the transaction to the bank.

Any consequential financial loss to the customer will be compensated as provided under para 2.1 above. However no compensation will be paid if the cheque has been paid prior to acknowledgement of stop payment instructions.

5. Compensation for loss of instrument in Transit

The bank's compensation policy for financial loss suffered by the customers on account of loss of instrument, after it has been handed over to the bank for collection by the customer is indicated in our cheque collection policy. The same is extracted below for information:

Cheques/Instruments lost in transit / in clearing process or at paying bank's branch

- a. In the event of a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying banks branch, the Bank shall immediately on knowledge about the loss, bring the same to the notice of the account holder so that the account holder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonored on account of non-credit of the amount of the lost cheques/instruments.
- b. In case an international cheque is lost, the Bank shall also advise the correspondent/ drawee bank all particulars of lost cheques/instruments for exercising caution.
- c. If the Bank loses the cheque, the Bank will bear the stop payment charges on customer producing relevant documents to the satisfaction of the Bank. The Bank may use its discretionary powers to reimburse reasonable expenses incurred by the customer in connection with the lost cheque.
- d. In case an intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days, as the case may be), interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- e. In addition, the Bank will pay an interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.

- f. The Bank would also compensate the customer for any reasonable charges he/she incurs in obtaining duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/ institution who would charge a fee for issue of duplicate instrument.

6. Issue of Duplicate Draft and Compensation for delays :

Duplicate draft will be issued within a fortnight from the receipt of such request from the purchaser thereof along with submission of documents as prescribed by the banks. For delay beyond the above stipulated period, interest at the rate applicable for Fixed Deposit of Corresponding period will be paid as compensation to the customer for such delay.

7. Funds transfer using NEFT & RTGS

Funds transfer using NEFT & RTGS Penal interest to be paid by the Bank in case of delay in crediting the beneficiary customers account or on delayed return of un-credited amount to the remitter/remitting bank. The definition of delay in this case would be changed to "Time of Credit" If the NEFT transaction is not credited or returned within 2 hours after batch settlement / RTGS transaction not credited within 30 minutes from the receipt of credit, then the bank is liable to pay penal interest to the affected customer at the current RBI LAF Repo Rate plus 2% for the period of delay / till the date of credit or refund, as the case may be, is credited to the customers' account without waiting for a specific claim to be lodged by the customer in this regard. In case of any delay in returning the failed payment, the originating customer is eligible to receive compensation at current LAF repo rate plus 2%. The penal interest payment on NEFT & RTGS transactions is guided by the relevant clause in the Penal interest policy forming a part of the CMS policy on collections and payments.

8. Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorized Payment Systems:

Reserve Bank has put in place a framework on Turn Around Time (TAT) - (**Annex to Circular DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019**) for resolution of customer complaints and compensation framework across all authorized payment systems which will result in customer confidence and bring in uniformity in processing of the failed/ unsuccessful transactions.

- ✓ The prescribed TAT is the outer limit for resolution of failed transactions.
- ✓ The bank and other operators/ system participants shall endeavor towards quicker resolution of such failed/ unsuccessful transactions.
- ✓ Wherever financial compensation is involved, the same shall be effected to the customer's account suo moto, without waiting for a complaint or claim from the customer.
- ✓ Customers who do not get the benefit of redress of the failure as defined in the TAT, can register a complaint to the Banking Ombudsman of Reserve Bank of India.
- ✓ The Bank shall compensate the complainant customer financial loss suffered as per award passed by RBI Ombudsman.

General Instructions covering the TAT :

1. The principle behind the TAT is based on the following :
 - a) If the transaction is a 'credit-push' funds transfer and the beneficiary account is not credited while the debit to originator has been effected, then credit is to be effected within the prescribed time period failing which the penalty has to be paid to the beneficiary;
 - b) If there is delay in initiation of a transaction at the originator bank's end beyond the TAT, then penalty has to be paid to the originator.
2. A 'failed transaction' is a transaction which has not been fully completed on account of any reason not attributable to the customer such as failure in communication links, non- availability of cash in an ATM, time-out of sessions, etc. Failed transactions shall also include the credits which could not be effected to the beneficiary account on account of lack of full information or lack of proper information and delay in initiating a reversal transaction.
3. Terms like, Acquirer, Beneficiary, Issuer, Remitter, etc., have meanings as per common banking parlance.
4. T is the day of transaction and refers to the calendar date.
5. R is the day on which the reversal is concluded and the funds are received by the issuer / originator. Reversal should be effected at the issuer/ originator end on the same day when the funds are received

from the beneficiary end.

6. The term bank includes non-banks also and applies to them wherever they are authorised to operate.
7. Domestic transactions i.e., those where both the originator and beneficiary are within India are covered under this framework

Sl. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹100/- per day of delay beyond T + 5 days, to the credit of the account holder.
2	Card Transaction		
a	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	₹100/- per day of delay beyond T + 5 days.
b	<u>Card Not Present (CNP) (e- commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
a	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
4	Unified Payments Interface (UPI)		
a	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
b	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
5	Aadhaar Payment Bridge System (APBS)		
a	Delay in crediting beneficiary's account.	<ul style="list-style-type: none">Destination bank to credit penalty if reversal response is delayed beyond T + 1 working day for a failed transaction.Destination bank to credit penalty if delay in crediting beneficiary account beyond T + 1 working day.	₹100/- per day if delay is beyond T + 1 working day.

6	National Automated Clearing House (NACH)		
a	Delay in crediting beneficiary's account or reversal of amount.	<ul style="list-style-type: none"> Destination bank to credit penalty if reversal response is delayed beyond T + 1 working day for a failed transaction. Destination bank to credit penalty if delay in crediting beneficiary account beyond T + 1 working day 	₹100/- per day if delay is beyond T + 1 working day.
b	Account debited despite revocation of debit mandate with the bank by the customer.	Customer's bank will be responsible for such debit. Resolution to be completed within T + 1 day.	₹100/- per day if delay is beyond T + 1 working day.

9. Foreign Exchange Services

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the Bank would be unable to ensure timely credit from overseas banks. It is the Bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a foreign country, it may differ from place to place. The credits under such cheques are generally afforded on a provisional basis. The time norms for return of instruments cleared provisionally also vary from country to country. However, the Bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the Bank with its correspondent. Such compensation will be given for delays beyond one working week from the date of credit to Nostro Account/ due date after considering normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- Interest at saving bank deposit rate for the delay in crediting proceeds.
- Compensation for any possible loss on account of adverse movement in foreign exchange rate during this delayed period.

10. Wealth Management Products

Bank is a Corporate Agent for Insurance and Distributor of Mutual Fund products. For any deficiencies in services, Bank will assist customers to raise their grievances with the respective tie-up partners.

In the event of Bank receiving any complaint from the customer regarding mis-selling of the Wealth Management Products (all third party products), or any improper conduct or of any violation of any Code adopted by the Bank as well as the Codes of Conduct of the respective regulatory authority, the Bank shall take appropriate steps to investigate and handle the complaint. The concerned tie-up partner will be asked to resolve the complaint with the customer in accordance with the regulatory framework laid down by the concerned regulator.

11. Gold Loan

RBI Circular Number DOR.CRE.REC.26/21.01.023/2025-26 dated 06.06.2025 for lending against Gold and silver collateral Directions, 2025, has emphasized on points related to customer compensation in cases when they avail Gold Loan facility from Banks.

- Since the gold ornaments/ pledged eligible collateral is in possession of the Bank/Lender during the tenure of the loan, any damage to the collateral during the tenure of loan and its cost of repair shall be borne by the Bank/Lender.
- In case of loss of the pledged eligible collateral and/ or any loss emanating from deterioration or discrepancy in quantity or purity observed in internal audit or otherwise, including at the time of return or auction of collateral, Bank/ Lender shall suitably compensate the borrower(s)/ legal heir(s).
- Post closure of loan, Bank shall release or return the pledged eligible collateral held as security to the borrower(s)/Nominee/ legal heir(s) on the same day or in any case, not before exceeding a maximum period of seven working days upon full repayment or settlement of the loan. In case of delay, Bank shall compensate the borrower(s)/ Nominee/legal heir(s) at the rate of Rs.5000/- for each day of delay period after seven working days from date of closure of loan.

If the delay is not attributable to the Bank, Bank shall communicate reasons for such delay to the borrower(s)/Nominee/ legal heir(s).

- d) Further, where the borrower(s)/Nominee/ legal heir(s) has not approached the Bank for release of pledged eligible collateral after full repayment or settlement of loan, the Bank shall issue periodic reminders to borrower(s)/ legal heir(s) through letters, email or SMS if the email and mobile number are registered with the Bank. In case of any change in the change of address or contact details, the responsibility of updating the same shall always rest with the borrower(s)/Nominee/ legal heir(s) as the case may be.
- e) The compensation provided under these Directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.
- f) Framework for compensation to customers for delayed updation / rectification of credit information. RBI Circular Ref. no. : RBI/2023-24/72 dated 26.10.2023

12. Safe Deposit Locker/Safe Custody Article Facility

It is the liability of the Banks to put in place a detailed Board approved policy outlining the responsibility owed by them for any loss or damage to the contents of the lockers due to their negligence as Banks owe a separate duty of care to exercise due diligence in maintaining and operating their locker or safety deposit systems. This includes ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery. Further, Banks shall adhere to the Master Directions on Frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.

12.1 Liability of banks arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer

The Bank shall not be liable for any damage and/or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer. Banks shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

12.2 Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the Bank

It is the responsibility of Banks to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. As Banks cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

13. Lenders liability - Commitments to borrowers:

- 13.1 The Bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, and the Code of Bank's Commitment to customers adopted by the Bank, the Bank would return to the borrower(s) all the securities/documents/title deeds related to the mortgaged property within a period of 30 days after full repayment/ settlement of the loan account, subject to any other right/lien/claim by the Bank till the relevant claim is settled /paid. If any right to set off is to be exercised for any other claim, Bank would retain the securities/documents/title to mortgage property till the relevant claim is settled/paid. The Bank will compensate the borrower for monetary loss suffered if any, due to delay in return of the same. In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the Bank shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the Bank, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

- 13.2 In case of loss/damage to original movable/immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate/certified copies of the movable/immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated in paragraph 14.1 above. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure, and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

Payment of compensation would be approved by the respective Head Retail Loans & SME for Retail and SME facilities and Head Corporate for Corporate and SEG facilities.

The above would be applicable only to performing assets and not under any OTS agreed to by the Bank. Neither is it applicable to return of securities/documents/title deeds to mortgaged property of borrower accounts that are non-performing assets (NPAs) in the Bank's Books of Accounts or to the securities linked to any other loan accounts. The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

14. Compensation to customers for delayed updation/ rectification of Credit Information:

Reserve Bank vide its Circular dated 26.10.2023 has put in place a framework for compensation to customers for delayed updation/ rectification of credit information. The Bank shall be responsible for updation/rectification of credit information with credit information companies (CICs). Compensation will be provided by the CI (Credit Institution i.e Bank)/ CICs to the customer for delayed resolution beyond 30 days of the filing the complaint by the customer with CI/CIC's. Bank will compensate the customer for delayed updation/ rectification of credit information as detailed below:

- a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.
- b) A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.
- c) A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.
- d) The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.
- e) Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately.
- f) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.
- g) Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).
- h) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.
- i) The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.
- j) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

- k) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.
- l) In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

15. Customers' responsibility:

- 15.1 Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following Do's and Dont's issued by Bank, until the Bank has been notified by the customer.
- 15.2 Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted into loss to him/her. Bank will also not be responsible for the losses arising out of misuse, of lost Card, PIN, sharing of OTP's, compromise of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.

16. Disclaimer clause

Notwithstanding anything contained here above, the Bank shall not pay any compensation due to

- 16.1 Delays on account of non-functioning of business due to factors beyond the control of the bank. The period covered by such events shall be omitted for calculation of delay etc.
- 16.2 Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator, Government and matter put on hold due to stay.

17. Amendment/Modification of the Policy

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion.

18. Force Majeure:

The bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout/strike/other labour disturbances, due notice whereof is given in advance to the customers through media, accident, fires, natural disasters or other "Acts of God", war, damage to bank's facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.

19. Channels/Modes to lodge complaints/ grievance:

Complaints may be lodged through various channels as mentioned below-

- (i) Letter / Email / Phone calls – The Grievance Redressal Mechanism is provided on Bank's website as well as is easily available and displayed at all Branches so that customers can have access to address/ email address/ phone numbers to escalate their complaints.
- (ii) Online Dispute Resolution (ODR) Portal – Bank has its Online Dispute Resolution Portal easily accessible on the website for customers to lodge their complaints and obtain a Ticket number in return. This helps the customer to track the status of their complaints and its resolution.
- (iii) RBI's Banking Ombudsman Portal- Customer can also escalate their complaint by reporting the same to RBI Ombudsman Portal, in case he/ she are not satisfied with the resolution provided by other escalation matrix authorities. The Ombudsman further communicates with respective Banks to ensure quick resolution of the grievances in the best possible way, based on RBI guidelines.